A STUDY ON THE MARKET PERCEPTION AND CONSUMER BEHAVIOUR OFHIGH END CARS
(Mercedes-Benz, Audi and BMW)

Anumalasetty.V.G.K.Chaithanyaa Kumar | Nilankur Das | Avula Puneeth Khumar | Syed Allah Bakshid | Vishnu V.

ITM Business School, Chennai

ABSTRACT

The report is about the Marketing Perception and Consumer Behavior of the customers of Chennai and all across India towards High End Cars (Benz, BMW and Audi etc.). The purpose of this projectis to enable the reader, to gather important information quickly about the WHY, WHAT, WHEN, WHO and HOW should a consumer purchase a High End Car and also study about the perception of the consumers in different levels of our society. Today's generation want to purchase cars which will showcase their class or standard of living and this does not means that the consumers who are rich or upper middle class can only dream of purchasing a High End car everyone wants and has the right to dream. The dream can be fulfilled now in this modern age where consumers have the chance of getting a car loan which will in turn help them purchase a high end car and lead a life of a king. It is all because of the modernizing concepts and themes.

KEYWORDS: High-end cars, Luxury automobiles, Market Perception, Consumer Behavior.

INTRODUCTION:

In order to understand the high-price luxury automobile category it is first important to understand the state of the overall automobile industry. The automobile industry is a mature industry that is experiencing only moderate growth. The industry's growth phase began in the 1920's with the introduction of the assembly line, which lowered the cost of cars and made them more affordable. Growth continued through the 1970s as adoption extended to every family and then extended to multiple cars in every family. As time went by and the modern era arrived the automobile industry has become more mature, product lines have grown and the market has been segmented further, which is characteristic of a mature market trying to sustain healthy profit margins.

Individuals' aspiration towards the object predicts their pursuit of goals that in themselves satisfies basic psychological needs, namely relatedness, intimacy and affiliations (attachment) and intention to maintain relationships (Commitment). Commitment is defined as the extent to which an individual views the relationship from a long-term perspective and has a willingness to stay with the relationship even when things are difficult. The number of studies in marketing is considered attachment and commitment as long term outcome oriented constructs and a measure of effectiveness. In branding context the construct of attachment is characterized by a perception such that their emotional and intentional state of mind to stick with the brand, i.e., brand loyalty. Consumer behavior as well as perception has a great role to play in this automobile business for high end variety of cars.

THEORITICAL FRAMEWORK:
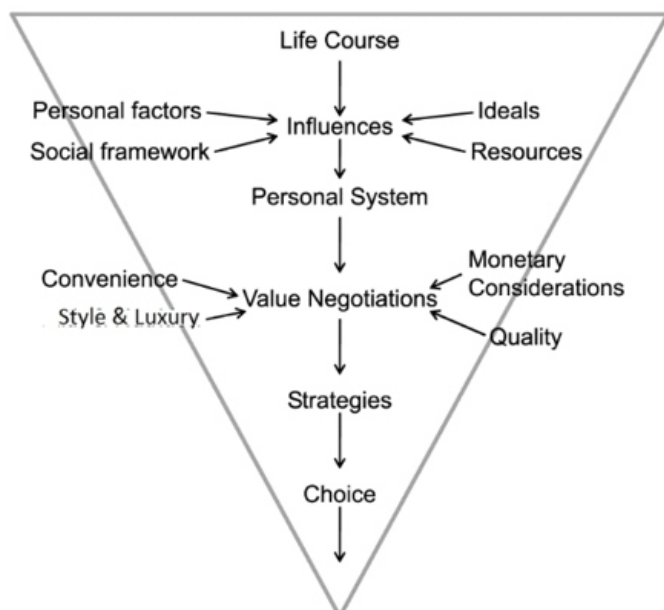
- **LIFE COURSE:** past influences of personal experiences and historical eras, current involvement in trends and transitions and anticipations of future events (eg: In India ambassador was a big craze in the 60's but now imported cars like BMW, Mercedes, Audi, Jaguar etc. are a craze in the modern market).

- **INFLUENCES** *(ideals, personal factors, resources, social framework, and context):* Influences mutually shape one another as well as reinforce, interact, and compete with one another.

- *Ideals:* expectations, standards or status, hopes, luxury or style and beliefs that are points of reference and comparison by which people judged and evaluated there car choices.

- *Personal factors:* likes/dislikes, brand centeredness (pleasure, desire, passion, safety or symbolism) and emotions (emotional cues, attachment, sensory references etc.); as well as characteristics like gender, age and state of 'wowness' or psychological preferences affect a cars sales.

- *Resources:* tangible such as money, garage space and color choices; intangible such as standard of living, knowledge, and time; perceived as available or unavailable depending on individual outlooks and situations.

- *Social framework:* nature of interpersonal relationships, social roles and meaning; families and households provided one of the most important sets of interpersonal relationships influencing car choice (e.g. the wife asking husband to get a small car fortheir family of 4 or a small boy asking his father to buy a sporty or fast car); entertaining and workplace was another interpersonal relationship.

- **PERSONAL SYSTEM:**(1) value negotiations that involved weighing of different considerations in making choices and (2) strategies that involved choice patterns based on previously resolved deliberations that had become habitual.

- *Six values came up the most:* sensory perceptions, monetary considerations, convenience, style/luxury, managing relationships and quality. Others discussed less frequently: ethics, tradition, and familiarity.

- **SENSORY PERCEPTIONS:** The dominant value, drive mostly by taste, varied widely. The limiting factor is high end car choice, less negotiable than other values; included dimensions of body structure, finishing, or appearance. Sensory perceptions, especially taste, and monetary considerations were frequently in conflict. Taste was weighed against convenience.

- **MONETARY CONSIDERATIONS:** Price and perceived worth of these High End Cars was another very salient value; price often conflicted with other values, especially taste and quality.

- **CONVENIENCE:** Time - often spoken of as a commodity to be spent or saved; weighing the value of convenience in terms of time in negotiation with other values; ease of preparation. Customers if given enough time to

think about a particular product will do so and more often than not will come up with the answer 'YES'. Time is extremely valuable.

- **STYLE AND LUXURY:** Factors relating to disease avoidance or control, bodily well-being - nutrition was spoken of in terms of value while health was spoke of in terms of avoidance.

- **MANAGING RELATIONSHIPS:** Maintaining harmony between the consumer and the sales person. Such that the salesperson is able to find the right car for the right customer.

- **QUALITY:** Usually mentioned in reference to comparing High End Cars with all the other cars present in a particular market (eg. In India a middle class man will have a desire to buy a high end car but will not buy due to family and society and will purchase a low end car like instead of a BMW buy a TATA INDIGO)

- **STRATEGIES:** well-established habits or rules (heuristics). Depends mainly on what the consumers think about a particular car

Literature review
CONSUMER BEHAVIOUR OF LUXURY AUTOMOBILES' CUSTOMER
Total worldwide sales of premium luxury cars and entry luxury saloons and sports cars are of the order of 1.5 million unit a year. The major luxury markets today are the USA, Germany, UK and japan. The 21.1 billion euro UK new car market competes with France and Italy, to be the second biggest in Europe behind Germany. The new registration of luxury marques cars in 1997 in UK alone was 154506 units. In other markets, especially in South East Asia there are, of course significant sales of luxury cars. However these are limited to total volume either by the overall industry size or by local a market conditions and preferences.

Accordingly the luxury car market overall is currently undertaking a social change with the quality of life improving. As a result increase in competition between makes has intensified the importance of brand identity. As product standards continues to rise, the perceived image of a car makes play a key role in buying decision. The premium marques such as BMW, Audi etc. must develop attributes and values that reflecting changing social values which influence buyers emotionally. In order to maintain their positions in different regions of the global market.

In the last seven years the research into customer perception and behavior in the automobile has been driven by American researchers. Very few authors and writings have been investigated customer perceptions of luxury cars (Rosecky and king, 1996) and much of this work is focused on consumer Loyalty and brand switching. The major research focus has been on low priced segment car ranges rather than the luxury segment in which choice between brand concept image and individual choice of potential buyers play a role.

Most current owners of luxury cars tend to have purchased a car previously, the customer has potentially developed an attitude toward it. Here, an attitude becomes an evaluating judgment (desire or not desire) based on prior or present experience such as previous satisfaction from dealers or products and services (after sales and warranty), driving experience and socio-economic status of customers. It is also possible that an attitude can be developed based on prior information without experience, as when consumers develop preferences or biases for or against brands based on the brands' images in the marketplace. This also depends largely on purchasing power of individual customers. Customers may have a favorable attitude towards some manufacturers' luxury cars, but may lack the ability due to insufficient purchasing power or willingness to take buying action. On the other hand, luxury or lower luxury (lower-priced) manufacturers' cars may be neglected by customers who have high purchasing power.

As per Times of India the mass luxury car market may still be in first gear, but luxury cars are grooming to growth in 2015. The top three brands Mercedes-Benz, Audi and BMW — which together command around 90% of the Indian luxury car market — are all looking at top-gear growth with market leader Mercedes-Benz clocking a 41% increase in sales in January-June (H1) 2015 compared to the year-ago period. With more than 40 new cars and SUVs lined up for the entire year — 15 each by Mercedes-Benz and BMW alone — in the segment, marketers expect another year of "strong double-digit growth" for India's luxury car brands.

Objectives:
- To list out the benefits of high end cars with special reference to Mercedes-Benz, Audi and BMW.

- To know about the market perception of consumers towards high end cars.

Need for the study:
Studying about the market perception and consumer behavior of high end cars for this century consumers are a little different when compared to the 80's and 90's. Here in the 21st century we find that the living style of consumers have changed. Everyone wants a change in there way of living so in the Indian society the purchasing of a high end car by a middle class family with limited resources

can fetch them respect in the neighborhood. The word RESPECT and STATUS walks hand in hand when we compare a car like BMW with a normal IT professional or a Junior Manager or a normal shop owner. Here we will be studying about WHAT, WHY, WHEN and HOW consumers will be changing their perception.

Research Methodology:
- **Population:** The population selected for the study comprises of all the type of consumers from the age of 20years to the age beyond 51 & above both in Chennai and across India.

- **Research Design:** This is an explanatory study wherein we try to explain what factor affects the individual's preference to purchase or not purchase a high end car.

  - **Sample Design:** The particulars of sample design are as follows:
  - **Type of Universe:** Chennai and rest of India.
  - **Sampling Type:** Convenience sampling
  - **Sampling Unit:** All types of Consumers
  - **Sample Size:** 307
  - **Parameters of Interest:** Purchasing a high end car or not.

- **Tool of data collection:** Google Forms has been used to collect data which has provided leverage to collect data without the surveyors having to move geographically from one part of the country to the other in order to collect data from various parts of the nation.

- **Sources of Data:**
Primary data: Responses from the survey which was conducted for 307 consumers across the city.

Secondary data: Research publications, journals, books, newspapers, and most importantly www.google.com from where we got awesome blogs and theories relating to our topic.

- **Research Instrument:** Questionnaire – Data is collected using a structured questionnaire of 16 Questions (find the appendices for questionnaire). The questionnaire was created using Google Forms and the data was collected in Google Sheets. We also did the market survey within Chennai by collecting data from random car customers.

Analysis:
- **Reliability Test:** The reliability of the data that is collected has been tested. It is called the Cronbach's Alpha test.

Reliability Statistics	
Cronbach's Alpha	**N of Items**
.903	34

Interpretation: Since the Cronbach's Alpha value is 0.903 which is far more than the expected value of 0.650, which indicates a high level of internal consistency for our scale. Therefore, the data collected is justified to be reliable and credible.

- **CHI SQUARE TEST:** The Chi square test is performed on the categorical dependent variable "Whether the person is a job-hopper" and categorical independent variables "age", "gender" and "monthly personal income".

1. Occupation * brand preference

Chi-Square Tests			
	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	31.758a	12	.002
Likelihood Ratio	33.021	12	.001
Linear-by-Linear Association	4.379	1	.036
N of Valid Cases	298		

a. 2 cells (10.0%) have expected count less than 5. The minimum expected count is 2.77.

Interpretation: Since the p value (0.002) is less than the alpha value (0.05). So the result would be significantly statistics, we will reject our null hypothesis and accept our alternative hypothesis, which says that there is a significant relationship between brand preference and occupation.

2. Occupation * money spend and perceived value of return same or Equal

Chi-Square Tests			
	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	11.469a	12	.489
Likelihood Ratio	12.454	12	.410
Linear-by-Linear Association	9.280	1	.002
N of Valid Cases	300		

a. 9 cells (45.0%) have expected count less than 5. The minimum expected count is .07.

Interpretation: since the p value (0.489) is greater than the alpha value (0.05).we will accept our null hypothesis and we can say that there is no significant relationship between occupation and money spend and perceived value of the return same or equal

3. Occupation * service quality

Chi-Square Tests			
	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	11.469a	12	.489
Likelihood Ratio	12.454	12	.410
Linear-by-Linear Association	9.280	1	.002
N of Valid Cases	300		

a. 9 cells (45.0%) have expected count less than 5. The minimum expected count is .07.

Interpretation: since the p value (0.489) is greater than the alpha value (0.05).we will accept our null hypothesis and we can say that there is no significant relationship between occupation and service quality.

Limitation of the study:
1. Sample size limited to 300
2. Lack of reliable and available data
3. Limited period of time

Findings and conclusions:
According to the research done by our team we came to know that the people who are working as Employee are much interested in having their own cars than the people who are Self-employees or the people who are doing their business. Most of the respondents agree that the Money they spend on the high end cars and the perceived value of return is the same or the equal and they didn't regret about the value of the money. Hence we can conclude that from the responses the people are who are employees are very much interested on High end cars than the other income people in the economy.

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APPENDIX:
https://docs.google.com/forms/d/1hHUbn1oK8MVf71-NYjiR60jdY_WqnCKKZ3l2iLsVQyo/viewform